

to affect adversely the Authority's ability to perform its covenants under the Bond Indenture.

Events of Default and Remedies

Each of the following is an Event of Default under the Bond Indenture:

(a) If the principal or redemption price of any Bond is not paid when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) If an installment of interest on any Bond is not paid when the same shall become due and payable; or

(c) If the Borrower shall fail to pay, when due and payable, any sum due pursuant to the provisions of the Loan Agreement and such failure continues to exist as of the expiration of any grace period provided in the Loan Agreement; or

(d) If the Bond Trustee receives notice from the Master Trustee that an event of default under the Master Indenture has occurred and is continuing; or

(e) If any other event of default under the Loan Agreement shall occur and be continuing (other than an Event of Default resulting from an occurrence described in paragraph (c) or (d) above); or

(f) If the Authority fails to comply with any provision of the Act which renders it incapable of fulfilling its obligations thereunder or under the Bond Indenture; or

(g) If the Authority fails to perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Indenture (other than as specified in paragraphs (a) and (b) above).

Provided, however, that no default under paragraph (e), (f) or (g) above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Authority and the Borrower by the Bond Trustee or by the holders of not less than 25 percent in aggregate principal amount of all Bonds Outstanding and until the Authority and the Borrower shall have had 30 days after receipt of such notice to correct such default, and shall not have corrected it; provided, further that, if the default is such that it cannot be corrected within such 30 day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or

the Borrower within such 30 day period and is diligently pursued to completion by the Authority or the Borrower.

Should any Event of Default occur and be continuing, then the Bond Trustee may, by notice in writing delivered to the Authority, the Borrower and the Bondholders, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately; provided, however, that no such declaration shall be made if the Borrower cures such Event of Default prior to the date of the declaration. The Bond Trustee shall be required to take the foregoing actions if requested in writing to do so by the holders of at least 25% in aggregate principal amount of all Outstanding Bonds. The Bond Trustee may annul any such declaration and its consequences if all Events of Default are cured after the declaration is made. Any such annulment shall be binding upon the Bond Trustee and upon all holders of Outstanding Bonds; but no such annulment shall extend to or affect any subsequent default.

The above provisions are subject to the further condition that the Bonds shall be accelerated only if and to the extent that the Note or Notes issued to secure the same have been accelerated pursuant to the Master Indenture, and that any such acceleration of Bonds shall be annulled if and to the extent that the acceleration of the Note or Notes securing the same has been annulled.

Upon the happening of an Event of Default, the Bond Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding under the Bond Indenture shall: (i) proceed to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth of Pennsylvania and under the Loan Agreement and the Bond Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant, condition or agreement contained herein or in aid of execution of any power granted to the Bond Trustee or for the enforcement of any proper legal or equitable remedy, as the Bond Trustee, being advised by Counsel, shall deem most effectual to protect and enforce such rights; and (ii) if an Event of Default under the Master Indenture has occurred and is continuing, proceed to protect and enforce its rights as a Noteholder, on behalf of the Bondholders; in accordance with the Master Indenture.

Upon the occurrence of an Event of Default and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and of the Bondholders under the Bond Indenture, the Bond Trustee shall be entitled, as

a matter of right, to the appointment of a receiver or receivers with respect to the Borrower, its Property and the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If any proceeding taken by the Bond Trustee on account of any Event of Default is discontinued or abandoned for any reason, or determined adversely to the Bond Trustee, then and in every case the Authority, the Bond Trustee and the Bondholders shall be restored to their former positions and rights under the Bond Indenture.

Actions by Bondholders

The holders of a majority in principal amount of the Outstanding Bonds under the Bond Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the Bond Trustee. No Bondholder shall have any right to pursue any remedy under the Bond Indenture unless (a) the Bond Trustee shall have been given written notice of an Event of Default, (b) the holders of at least 25% in principal amount of the Outstanding Bonds shall have requested the Bond Trustee, in writing, to exercise the powers granted under the Bond Indenture or to pursue such remedy in its or their name or names, (c) the Bond Trustee shall have been offered security and indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Bond Trustee shall have failed to comply with such request within a reasonable time.

Application of Moneys Upon Default

Following an Event of Default, any moneys on deposit in any Fund or Account (other than the Rebate Fund) established under the Bond Indenture and any moneys received by the Bond Trustee upon the exercise of remedies under the Bond Indenture shall be applied:

First: to the payment of the costs of the Bond Trustee, including counsel fees, any disbursements of the Bond Trustee with interest thereon and its reasonable compensation;

Second: to make any required deposit into the Rebate Fund or to make any required payment to the United States government (as described under the subheading "Rebate Fund" above) if moneys on deposit in the Rebate Fund are insufficient for such purpose;

Third: to the payment of all interest then due on Outstanding Bonds or, if the amount available before the payment of interest is insufficient for such purpose, to the payment of interest ratably in accordance with the amount due in respect of

each Bond, except that moneys in any Debt Service Reserve Fund established for Additional Bonds shall be used solely to make payments due under such Additional Bonds; and

Fourth: to the payment of the outstanding principal amount of all Bonds or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Bond, except that moneys in any Debt Service Reserve Fund established for Additional Bonds shall be used solely to make payments due under such Additional Bonds.

Rights of Insurer

Unless the Insurer is in default under the Bond Insurance Policy, the Insurer shall have the following rights upon the occurrence of an Event of Default:

(i) The Insurer shall have the right to act on behalf of the holders of the Insured Term Bonds for the purposes of any provision which permits Bondholders to direct and control the exercise of rights and remedies by the Bond Trustee or to exercise such rights and remedies directly.

(ii) Any action by the holders of the Insured Term Bonds to direct and control the exercise of such rights and remedies by the Bond Trustee or to exercise such rights and remedies directly shall be subject to the consent of the Insurer.

(iii) The Insurer shall have the exclusive right to act on behalf of the holders of the Insured Term Bonds for the purposes of any provision which requires the Bond Trustee to obtain the consent of Bondholders.

(iv) No event of Default may be waived without the prior written consent of the Insurer.

The foregoing shall not apply to any rights of the Bond Trustee or the holders of the Insured Term Bonds to demand and receive payments under the Bond Insurance Policy. For the purposes of subparagraphs (i), (ii) and (iii) above, the Insurer shall be treated as if it were the holder of all Outstanding Insured Term Bonds.

Amendments to Bond Indenture

The Bond Indenture may be amended or supplemented from time to time, without the consent of the Bondholders, for one or more of the following purposes: (a) in connection with the issuance of Additional Bonds, to set forth matters which are

specifically required or permitted by the Bond Indenture or other matters which will not adversely affect the holders of the Bonds then Outstanding; (b) to add additional covenants of the Authority or to surrender any right or power conferred upon the Authority; (c) to add, revise or remove provisions relating to the payment of arbitrage rebate to the United States, provided that the Bond Trustee receives a written opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the exclusion from federal income taxation of the interest on any Bonds then Outstanding; (d) to authorize the issuance of unregistered Bonds bearing coupons, provided that the Bond Trustee receives a written opinion of nationally recognized bond counsel that the amendment will not adversely affect the exemption from federal income taxation of the interest on any Bonds then Outstanding; (e) to make conforming changes in connection with any amendment of the Loan Agreement; (f) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision of the Bond Indenture or otherwise) provision of the Bond Indenture or make any other amendments, provided that, in either case, the amendment in question does not impair the security of the Bond Indenture or adversely affect the Bondholders.

The Bond Indenture may be amended from time to time with the approval of the holders of at least 51% in aggregate principal amount of the Outstanding Bonds; provided, that (a) no amendment shall be made which adversely affects one or more but less than all series of Bonds without the consent of the holders of at least 51% of the then Outstanding Bonds of each series so affected, (b) no amendment shall be made which affects the rights of some but less than all the Outstanding Bonds of any one series without the consent of the holders of 51% of the Bonds so affected, and (c) no amendment which alters the interest rates on any Bonds, the maturities, interest payment dates or redemption provisions of any Bonds or the security provisions of the Bond Indenture may be made without the consent of the holders of all Outstanding Bonds adversely affected thereby.

Amendments to Loan Agreement

The Loan Agreement may be amended without the consent of the Bondholders (a) to cure any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, (b) in connection with the issuance of Additional Bonds, to set forth such matters as are permitted or required under the Bond Indenture in connection with such issuance or to set forth such other matters as will not adversely affect the holders of the Bonds then Outstanding, or (c) to make any other change in the Loan Agreement which, in the judgment of the Bond Trustee, does not adversely affect the rights of the holders of any Bonds. No prior notice of any amendments described in this paragraph shall be required.

Except for amendments, changes or modifications described above, neither the Authority nor the Bond Trustee shall consent to any amendment, change or modification of the Loan Agreement or waive any obligation or duty of the Borrower under the Loan Agreement without the written consent of the holders of not less than 51 percent in aggregate principal amount of the Outstanding Bonds affected thereby; provided, however, that no such waiver, amendment, change or modification shall permit termination or cancellation of the Loan Agreement, reduce the amounts payable by the Borrower under the provisions described under the heading "THE LOAN AGREEMENT - Repayment of Loan" in this Appendix C or change the date when such payments are due without the consent of the holders of all the Bonds then Outstanding.

Consent of Insurer to Certain Amendments

The consent of the Insurer shall be required for amendments to the Bond Indenture for amendments to the Bond Indenture and the Loan Agreement which require the approval or consent of the Bondholders and for certain other specified amendments to such documents which do not require Bondholders' approval or consent.

Defeasance

When the principal or redemption price of and interest on all Outstanding Bonds have been paid, or there shall have been deposited with the Bond Trustee an amount, evidenced by moneys or Government Obligations, the principal of and interest on which, when due, will provide sufficient moneys fully to pay the Bonds at the maturity date or date fixed for redemption thereof, as well as all other sums payable under the Bond Indenture by the Authority, the right, title and interest of the Bond Trustee under the Bond Indenture shall thereupon cease and the Bond Trustee, on demand of the Authority, shall release the Bond Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds established under the Bond Indenture.

Unclaimed Moneys

Moneys deposited with the Bond Trustee for the payment of Bonds which remain unclaimed four (4) years after the date payment thereof becomes due shall, upon written request of the Authority, if the Authority is not at the time to the knowledge of the Bond Trustee in default with respect to any covenant in the Bond Indenture or the Bonds contained, be paid to the Authority or, at the direction of the Authority, to the Borrower;

and the holders of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the Bond Trustee shall mail notice of such payment to the holders of all Bonds for which unclaimed moneys are being held.

THE LOAN AGREEMENT

The Loan; Term of Loan Agreement

Upon the issuance of the 1991 Series A Bonds, the Authority will lend the proceeds thereof to the Borrower for application toward the costs (including certain costs of issuance and initial deposit requirements under the Bond Indenture) of the 1991 Project. The loan will be made by depositing the proceeds of the 1991 Series A Bonds with the Bond Trustee for application toward the foregoing purposes. The Borrower will be obligated to provide any additional moneys which may be required for such purposes.

Upon compliance with the applicable requirements under the Bond Indenture, the Authority may issue Additional Bonds for the purpose of making additional loans to the Borrower. Such additional loans will be made pursuant to and secured by the Loan Agreement.

The Loan Agreement will remain in effect until such time as all Outstanding Bonds and all other expenses payable by the Borrower under the Loan Agreement have been paid or provision for such payment has been made as described under the heading "THE BOND INDENTURE - Defeasance" in this Appendix C.

Repayment of Loan

Under the Loan Agreement, the Borrower will be required to pay to the Bond Trustee, as the assignee of the Authority, the following sums at the following times:

(a) On or before the tenth day next preceding each principal maturity or mandatory redemption date, an amount equal to the principal of 1991 Series A Bonds becoming due on the immediately succeeding principal maturity or mandatory redemption date, subject to credit for other available funds and the principal amount of 1991 Series A Bonds purchased for cancellation in the manner provided in the Bond Indenture.

(b) On or before the tenth day next preceding each interest payment date, an amount equal to the interest on the 1991 Series A Bonds becoming due on the immediately succeeding interest payment date, subject to credit for

other available funds in the manner provided in the Bond Indenture.

(c) At the times required under the Bond Indenture, such additional amounts as are required to make up any deficiency which may occur in any of the funds established under the Bond Indenture.

If Additional Bonds are issued under the Bond Indenture, the payment obligations described above shall be amended to the extent necessary to provide the Bond Trustee with sufficient funds to pay the principal of and interest on such Additional Bonds.

Additional Payments

The Borrower will be required to pay the following additional amounts, when due: (a) at closing for the 1991 Series A Bonds the Authority's initial fee, to the extent such fee is not paid out of 1991 Series A Bond proceeds; (b) on or before each anniversary of the issuance of each series of Bonds, the Annual Administrative Fee of the Authority with respect to such series of Bonds; and (c) upon requisition therefor, all Administrative Expenses of the Authority and the Bond Trustee.

Nature of Obligations

The obligations of the Borrower under the Loan Agreement are general obligations of the Borrower to which its full faith and credit will be pledged. To evidence and secure its payment obligations in respect of the 1991 Series A Bonds, the Borrower has issued its Series 1991 Note in favor of the Authority, which will be assigned by the Authority to the Bond Trustee. In connection with the issuance of any Additional Bonds, the Borrower shall issue an additional Note under the Master Indenture to evidence and secure its payment obligations in respect of such Additional Bonds.

Insurance Proceeds and Condemnation Awards

The Borrower shall notify the Authority and the Bond Trustee promptly of its receipt of any insurance proceeds or condemnation awards which are to be applied to the redemption or prepayment of the Series 1991 Note pursuant to the Master Indenture. Any amount so applied shall in turn be used to make a corresponding Extraordinary Redemption of 1991 Series A Bonds.

Additional Covenants

In addition to the foregoing, the Loan Agreement will contain covenants which will require the Borrower, among other things, to: (a) comply in all material respects with applicable

laws affecting the Borrower and the Property and operations of the Borrower; (b) perform and observe all of its covenants and agreements under the Master Indenture; (c) furnish to the Authority, the Bond Trustee, Moody's and S&P, not later than 150 days after the end of each Fiscal Year, the audited financial statements of the Borrower, together with a Borrower's Certificate stating whether the Borrower is in default under any provision of the Loan Agreement; (d) indemnify the Authority and the Bond Trustee for liabilities arising out of the issuance of Bonds or actions taken or omitted under the Bond Indenture or the Loan Agreement; and (e) take all actions which are within the control of the Borrower and are necessary in order to maintain the exemption of interest on the Bonds from Federal income taxation, including the making of all required deposits into the Rebate Fund (see "THE BOND INDENTURE - Rebate Fund" in this Appendix C).

Events of Default and Remedies

Each of the following shall constitute an Event of Default:

(a) If the Borrower fails to make any payment due pursuant to the Loan Agreement, unless such failure to make a payment is cured within 10 days after the due date thereof;

(b) If the Borrower fails to perform any other covenant, condition or agreement to be performed on its part under the Loan Agreement;

(c) if the Borrower proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its or their creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Borrower or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Borrower and if such is not vacated, dismissed or stayed on appeal within sixty (60) days; or

(d) If the Bond Trustee receives notice from the Master Trustee that an Event of Default under the Master Indenture has occurred and is continuing; or

(e) If an event of default has occurred under the Insurance Agreement, unless (i) such event of default has been waived by the Insurer and the Trustee receives written

notice of such waiver or (ii) the Insurer is in default under the Bond Insurance Policy.

Provided, however, that no default under paragraph (b) above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Borrower by the Authority or the Bond Trustee and the Borrower shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; and provided further that, if a default cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Borrower within the period and diligently pursued until the default is corrected.

If any Event of Default occurs and is continuing, the Authority (or the Bond Trustee as its assignee) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its duties under the Act or the Loan Agreement; or (b) by action or suit in equity require the Borrower to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (d) upon the filing of a suit or other commencement of judicial proceeding to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers with respect to the Borrower and its Property, with such powers as the court making such appointment shall confer; or (e) upon notice to the Borrower, to accelerate the due dates of all sums due or to become due under the Loan Agreement, but only if and to the extent that the Bonds have been accelerated under the Bond Indenture and such acceleration has not been annulled; or (f) enforce all rights and remedies as a Noteholder under the Master Indenture. The foregoing shall be subject to the rights of the Insurer as described under "THE BOND INDENTURE - Rights of Bond Insurer" in this Appendix C.

Amendments

The Loan Agreement may be amended from time to time in accordance with the provisions described under "THE BOND INDENTURE - Amendments to Loan Agreement" in this Appendix C.

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APPENDIX D

**SUMMARY OF THE MASTER TRUST INDENTURE
AND CERTAIN PROPOSED AMENDMENTS
TO THE MASTER TRUST INDENTURE**

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DEFINITIONS

The terms defined below are among those used in this Official Statement and the Summary of the Master Indenture which follows.

"Additional Indebtedness" means any Indebtedness (including all Notes and all Guaranties) incurred subsequent to the issuance of the Series 1983A Note of AGH under the First Supplemental Indenture, both dated as of December 1, 1983.

"Affiliate" means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which controls or which is directly or indirectly controlled by AGH or any other Affiliate. For purposes of this definition, control means the power to direct the management and policies of a person through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Governing Body or by contract or otherwise.

"Balloon Long-Term Indebtedness" means Long-Term Indebtedness, 50% or more of the principal of which matures on the same date, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date, provided, however, Balloon Long-Term Indebtedness shall not include Interim or Intermediate-Term Indebtedness.

"Book Value" when used in connection with Property, Plant and Equipment or other Property of AGH or any Restricted Affiliate, means the value of such property, net of accumulated depreciation, as it is carried on the books in conformity with generally accepted accounting principles, and when used in connection with Property, Plant and Equipment or other Property of the Restricted Group, means the aggregate of the values so determined with respect to such property of each member of the Restricted Group determined in such a manner that no portion of such value of property of any member is included more than once.

"Completion Indebtedness" means any Long-Term Indebtedness incurred by AGH or any Restricted Affiliate for the purpose of financing the completion of constructing or equipping facilities for which Long-Term Indebtedness, or other Indebtedness in anticipation thereof, has theretofore been incurred, to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time that such Long-Term Indebtedness or other Indebtedness in anticipation thereof was originally incurred.

"Consultant" means a person or firm who is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of AGH or any Restricted Affiliate, and which is a nationally recognized professional consultant having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears, acceptable to the Trustee.

"Contribution Agreement" means an agreement by and between AGH and each Restricted Affiliate (being a separate agreement for each Restricted Affiliate) required by the Master Indenture as a condition to an Affiliate becoming a Restricted Affiliate.

"Convertible Indebtedness" means all Indebtedness which is convertible at the option of AGH or a Restricted Affiliate into a form of Indebtedness which is permitted by the Master Indenture other than the form of such Indebtedness at the time it was originally incurred.

"Corporate Trust Office" means the office of the Master Trustee at which its principal corporate trust business is conducted, which at the date hereof is Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15265.

"Financial Statements" means the consolidated or combined financial statements of the Restricted Group or the consolidated combined financial statements of AGH and its consolidated or combined Affiliates, including the Restricted Affiliates, which contain certain summarized consolidated or combined financial information concerning the Restricted Group.

"Governing Body" means, when used with respect to AGH or any Restricted Affiliate, its board of directors, board of trustees, or other board or group of individuals in which the powers of AGH or the Restricted Affiliate are vested.

"Governmental Restrictions" means federal, state or other applicable governmental laws or regulations affecting AGH or the Restricted Affiliates and their health care facilities, which place restrictions and limitations on the (i) fees and charges to be fixed, charged and collected or revenues to be earned by AGH or the Restricted Affiliates or (ii) timing of receipt of such revenues.

"Gross Revenues" means all revenues, income, receipt and money received in any period by the Restricted Group (other than the proceeds of borrowing), including, but without limiting the generality of the foregoing, (a) gross revenues derived from its operations, (b) gifts, grants, bequests, donations and contributions, exclusive of any gifts, grants, bequests, donations and contributions and income therefrom, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of principal of, redemption premium and

interest on Notes, and (c) proceeds derived from (i) insurance, except to the extent otherwise required by the Master Indenture, (ii) accounts receivable, (iii) securities and other investments, unless such securities or investments are excluded under clause (b) above in this definition, (iv) inventory and other tangible and intangible property, (v) medical or hospital insurance or indemnity programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Restricted Group; provided, that no determination of Gross Revenues shall take into account any revenues of an Affiliate which is not a member of the Restricted Group or any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets considered to be extraordinary items in accordance with generally accepted accounting principles.

"Guaranty" means all obligations of AGH or a Restricted Affiliate guaranteeing in any manner, whether directly or indirectly, any obligation of any other person which obligation of such other person would, if such obligation were the obligation of AGH or such Restricted Affiliate constitute Indebtedness under the Master Indenture, unless the obligation of such other person is other than for payment of a sum certain.

"Indebtedness" means all obligations for borrowed money, or installment sales and capitalized lease obligations, incurred or assumed by AGH or a Restricted Affiliate, including Guaranties (other than any Guaranty by any member of the Restricted Group of Indebtedness of any other member of the Restricted Group), Long-Term Indebtedness, Intermediate-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed, except obligations of a member of the Restricted Group to another member of the Restricted Group.

"Income Available for Debt Service" means with respect to the Restricted Group, as to any period of time, excess of revenues over expenses to which shall be added depreciation, amortization, interest, all as determined in accordance with generally accepted accounting principles; provided, that no determination thereof shall take into account any revenue or expense of an Affiliate which is not a member of the Restricted Group or any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business.

"Interim Indebtedness" means all obligations incurred by AGH or a Restricted Affiliate having a term of 60 months or less incurred by AGH in anticipation of financing of capital improvements by the issuance of Long-Term Indebtedness.

"Intermediate-Term Indebtedness" means all Indebtedness of AGH or a Restricted Affiliate, for any of the following:

(i) Payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year but not longer than five years;

(ii) Payments under installment purchase contracts having an original term longer than one year but not longer than five years; and

(iii) Payments under construction contracts pursuant to which payment is expected to be completed more than one year, but not more than 5 years, from the date on which construction commenced, except to the extent to which payments have been provided for from sources other than future operations as evidenced by an Officer's Certificate delivered to the Master Trustee.

"Lien" means any mortgage or pledge of, security interest in or encumbrance on any Property of AGH or any Restricted Affiliate which secures any Indebtedness or any other obligation of AGH or a Restricted Affiliate except, however, any mortgage or pledge of security interest in or encumbrance on any property, leased (other than under a financing lease) to a member of the Restricted Group but not owned by any member of the Restricted Group and not securing any indebtedness of any member of the Restricted Group.

"Long-Term Debt Service Coverage Ratio" means for any period of time the ratio determined by dividing the Income Available for Debt Service by the Maximum Annual Debt Service.

"Long-Term Debt Service Requirement" means for any period of time for which such determination is made, the aggregate of the payments to be made in respect of principal and interest on Outstanding Long-Term Indebtedness of each member of the Restricted Group during such period, also taking into account (i) with respect to Indebtedness incurred in anticipation of Long-Term Indebtedness, the term and interest rate certified pursuant to the test for incurring such Indebtedness in the Master Indenture at the time such Indebtedness is incurred, (ii) with respect to indebtedness represented by a Guaranty of obligations of a person which is not a member of the Restricted Group, the amount of the principal and interest payments to be taken into account pursuant to the provisions of the Master Indenture restricting Guaranties, (iii) with respect to Balloon Long-Term Indebtedness and Optional Tender Indebtedness, the amount of principal and interest during such period determined under the provisions of the Master Indenture relating to Balloon Long-Term Indebtedness and Optional Tender

Indebtedness, (iv) with respect to Convertible Indebtedness, the amount of principal and interest during such period determined under the provisions of the Master Indenture relating to Convertible Indebtedness, and (v) with respect to Variable Rate Long-Term Indebtedness, the amount of principal and interest determined under the provisions of the Master Indenture relating to Variable Rate Long-Term Indebtedness; provided, however, that in reference to Long-Term Indebtedness incurred to finance the construction of capital improvements, principal shall be excluded from the determination of Long-Term Debt Service Requirement until the completion of such construction (except to the extent any portion of the principal of Long-Term Indebtedness incurred to finance such construction is required by the terms of such Long-Term Indebtedness to be paid during the period of such construction) and interest shall be excluded from the determination of Long-Term Debt Service Requirement to the extent the same is provided from the proceeds of the Long-Term Indebtedness.

"Long-Term Indebtedness" means all Indebtedness of AGH or any other member of the Restricted Group (other than any Guaranty by AGH or any other member of the Restricted Group of any obligation of any person which is not a Restricted Affiliate which obligation would, if it were a direct obligation of AGH or such other member of the Restricted Group, constitute Short-Term Indebtedness) for any of the following:

(i) Payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(ii) Payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than five years; and

(iii) Payments under installment purchase contracts having an original term in excess of five years.

"Maximum Annual Debt Service" means the highest Long-Term Debt Service Requirement for any succeeding calendar year.

"Non-Recourse Indebtedness" means any Indebtedness secured by a Lien, liability for which is effectively limited to the Property which was financed with such Non-Recourse Indebtedness and which is subject to such Lien with no recourse, directly or indirectly, to any other Property of AGH or any other member of the Restricted Group.

"Note" means any Note issued, authenticated and delivered under the Master Indenture. References to a series of Notes or to Notes of a series shall mean the Notes or series of Notes issued pursuant to a single Supplemental Indenture.

"Noteholder" or "Holder" means the registered owner of any Note.

"Officer's Certificate" means a certificate signed by the chairman of the Governing Body, or the president or chief executive officer or the chief financial officer, or the chairman of the finance committee of the Governing Body of AGH, and/or of each Affiliate whose financial statements are not combined or consolidated with those of AGH in accordance with generally accepted accounting principles.

"Operating Assets" means any or all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory of AGH and each Restricted Affiliate, whether separately or together with other such assets.

"Optional Tender Indebtedness" means any portion of Indebtedness incurred under the Master Indenture a feature of which is an option on the part of the holders of such Indebtedness to tender all or a portion of such Indebtedness to AGH, any Restricted Affiliate or the trustee or other fiduciary for such holders for payment.

"Original Restricted Affiliates" means Allegheny General Hospital, a Pennsylvania nonprofit corporation and Allegheny Singer Research Institute, a Pennsylvania nonprofit corporation.

"Outstanding" when used with reference to Indebtedness, shall mean, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Notes theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness deemed paid and no longer Outstanding as provided in the Master Indenture, (iii) Notes in lieu of which other Notes have been authenticated and delivered or have been paid pursuant to the Master Indenture unless proof satisfactory to the Master Trustee has been received that any such note is held by a bona fide purchaser and (iv) Notes for the sole security of which AGH shall have deposited with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between AGH and such bank or trust company in form acceptable to the Master Trustee) as trust funds the entire amount of moneys or direct general obligations of, or obligations the payment of principal and interest on which are

unconditionally guaranteed by, the United States of America, or both, the principal of and interest on which will be sufficient to pay at maturity or upon redemption said Notes, including principal, redemption premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be.

"Permitted Liens" means any of the following:

(i) The Lien on the Gross Revenues and other items created by the Master Indenture;

(ii) Liens arising by reason of good faith deposits with AGH or any Restricted Affiliate in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by AGH or any Restricted Affiliate to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(iii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable AGH or any Restricted Affiliate to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, employee benefit plans, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iv) Any judgment lien against AGH or any Restricted Affiliate so long as such judgment is being contested and execution thereon is stayed;

(v) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which,

are being contested and execution thereon is stayed or, with respect to which liens of mechanics, materialmen, laborers, suppliers or vendors have been due for less than 90 days; (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to sue such Property in any manner; (E) to the extent that it affects title to any Property, the Master Indenture, and (F) landlord's liens;

(vi) Any Lien which is existing on the date of authentication and delivery of the initial series of Notes provided that no such Lien may be extended, renewed or modified to apply to any Property of AGH or any Restricted Affiliate not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien under the Master Indenture;

(vii) Any Lien securing Non-Recourse Indebtedness permitted under the Master Indenture;

(viii) Any Lien on Property acquired by AGH or a Restricted Affiliate if an Officer's Certificate is delivered to the Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a person other than AGH or the Restricted Affiliate, and (B) the Lien was created prior to the decision of AGH or Restricted Affiliate to acquire the Property and was not created for the purpose of enabling AGH or the Restricted Affiliate to avoid the limitations of the Master Indenture on creation of Liens on Property of the Restricted Group;

(ix) Any Lien resulting from installment sale agreements or financing leases relating to the acquisition of Property, if the Indebtedness which is secured by such purchase money security interest is incurred in compliance with the provisions of the Master Indenture relating to Intermediate-Term Indebtedness of the Master Indenture;

(x) Liens on moneys deposited by patients or others with AGH or any Restricted Affiliate as security for or as prepayment for the cost of patient care;

(xi) Liens on Property received by AGH or any Restricted Affiliate through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xii) Liens on Property due to rights of third party payors for recoupment of amounts paid to AGH or any Restricted Affiliate for patient care;

(xiii) The Liens on the Gross Revenues and other items specified in the Master Indenture of the Restricted Affiliates, granted pursuant to the Contribution Agreements;

(xiv) Liens on real Property the total value of which real Property subject to such liens does not exceed 20% of the Book Value of the total assets of the Restricted Group; and

(xv) Liens arising under law or by contract with respect to initial deposits made under life-care contracts.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"Property, Plant and Equipment" means all Property of the members of the Restricted Group which is property, plant and equipment under generally accepted accounting principles.

"Related Bonds" means the revenue bonds or other obligations issued by the Commonwealth of Pennsylvania or any other State of the United States of America or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof ("governmental issuer"), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to AGH or any member of the Restricted Group in consideration of the execution, authentication and delivery of a Note or Notes to or for the order of such governmental issuer.

"Related Bond Indenture" shall mean any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds are issued.

"Related Bond Issuer" shall mean the issuer of any issue of Related Bonds.

"Related Bond Trustee" shall mean the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, shall mean the Related Bond Issuer.

"Required Charter Provisions" shall mean provisions in the Corporate Charter or by-laws, or both, of any Affiliate substantially to the effect that: (i) AGH (or a successor resulting from a merger or consolidation) or a Restricted Affiliate which is controlled directly by AGH or indirectly by AGH exclusively through control over other Restricted Affiliates or any Affiliate which controls AGH is and shall continue to be a member of such Affiliate, if such Affiliate is a membership corporation; (ii) AGH or a Restricted Affiliate which is controlled directly by AGH or indirectly by AGH exclusively through control over other Restricted Affiliates or any Affiliate which controls AGH is and shall continue to be a shareholder of such Affiliate, if such Affiliate is a stock corporation; (iii) AGH, or an Affiliate which controls AGH, shall have the right to elect or appoint or to veto the appointment of and dismiss directly the members of the Governing Body of any Affiliate which is a nonprofit corporation with or without cause, or, by vote of AGH's stock, the members of the Governing Body of any Affiliate which is a stock corporation with or without cause; (iv) upon liquidation or dissolution of such Affiliate all remaining net assets shall be transferred to AGH or to an Affiliate which controls AGH; provided, however, that such transfer shall occur only if, at the time of such transfer, the transferee is a Tax-Exempt Organization; (v) no Indebtedness, as such term is defined herein, may be incurred except in accordance with the provisions hereof and with the consent of AGH or of an Affiliate which controls AGH; (vi) nothing contained in such Corporate Charter or By-laws shall restrict the ability of such Affiliate to acquire, own, hold, mortgage and dispose of and invest its funds in real or personal property for the use and benefit and under the direction of AGH or of an Affiliate which controls AGH and in furtherance of the purposes of the Corporation or of an Affiliate which controls the Corporation during such period as the Corporation or an Affiliate which controls the Corporation is a Tax-Exempt Organization; (vii) the purposes of such Affiliate shall not be inconsistent with the charitable and corporate purposes of the Corporation, an Affiliate which controls the Corporation and the health care and associated facilities and institutions owned, leased, managed, operated or controlled by the Corporation, by an Affiliate which controls the Corporation and by other Restricted Affiliates; and (viii) the Corporate Charter and by-laws of any such Affiliate may be altered, amended or repealed with the consent of the Corporation or with the consent of an Affiliate which controls the Corporation.

"Restricted Affiliate" means any Affiliate which shall have been designated as an Original Restricted Affiliate or as an additional Restricted Affiliate pursuant to the provisions of the

Master Indenture, the Corporate Charter or by-laws, or both, of which at any particular time, contains the Required Charter Provisions.

"Restricted Group" shall mean AGH and each Restricted Affiliate.

"Short-Term Indebtedness" shall mean all Indebtedness for any of the following:

(i) Payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

(ii) Payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(iii) Payments under installment purchase contracts having an original term of one year or less.

"Supplemental Indenture" shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture for the purpose, among others, of creating a particular series of Notes or a particular Guaranty issued under the Master Indenture.

"Total Operating Revenues" shall mean the aggregate of total operating revenues of the Restricted Group, determined in accordance with generally accepted accounting principles consistently applied.

"Variable Rate Indebtedness" shall mean any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a single numerical rate.

SUMMARY OF THE MASTER INDENTURE

General

The Master Indenture authorizes AGH to issue Notes, including the Series 1991 Note, thereunder which are general obligations of AGH, secured by a pledge of AGH's Gross Revenues and other items and an assignment of AGH's right, title and interest under the Contribution Agreements, which include a pledge of and security interest in the Gross Revenues, of the Restricted Affiliates, and are entitled to the benefit and security of certain operational and financial restrictions and other contractual obligations contained

in the Master Indenture. Such operational and financial restrictions and contractual obligations apply directly only to AGH. However, AGH has agreed in the Master Indenture that it will cause each Restricted Affiliate to comply with such restrictions and obligations as well. In addition, pursuant to its Contribution Agreement, each Restricted Affiliate agrees to comply with all such restrictions applicable to it. Set forth below is a summary of certain provisions of the Master Indenture primarily relating to restrictions imposed by AGH on itself and its Restricted Affiliates with respect to debt service coverage requirements, the incurrence of additional indebtedness and certain other matters.

Authorization of Notes

Notes may be created under the Master Indenture to evidence or secure Indebtedness as permitted under the Master Indenture except Non-Recourse Indebtedness. All Notes issued under the Master Indenture are on a parity with each other.

Payment on Notes

AGH agrees that it will promptly pay the principal of, premium, if any, and interest on each Note in the manner and at the places required by such Note or the Supplemental Indenture relating thereto. The Note payments are to be made through the Master Trustee as paying agent, unless otherwise required by the Supplemental Indenture authorizing the particular series of Notes. In cases where a Related Bond Trustee is the holder of a Note, payment will be made directly to the Related Bond Trustee or its designated paying agent. However, AGH is required to report each Note payment to the Master Trustee.

Pledge of Gross Revenues; Security Interest

To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Notes authorized under the Master Indenture and the performance by AGH of its other obligations thereunder and the performance by the Restricted Affiliates of their obligations under their respective Contribution Agreements, AGH, pursuant to the Master Indenture, and the Restricted Affiliates, pursuant to their respective Contribution Agreements, have pledged and assigned to the trustee for the benefit of the holders of the Notes all Gross Revenues and have granted a security interest in the present and future accounts receivable, contract rights and general intangibles and the proceeds of all of the foregoing, and, to the extent permitted by law, a security interest in all of the securities, investments, insurance policies on all Property, medical or hospital insurance or indemnity programs and agreements, and all other rights and benefits now or hereafter owned, held or possessed, and all the proceeds of the foregoing.